

Message Text

CONFIDENTIAL

PAGE 01 SANTO 01195 222216Z

11

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SEC-03 COME-00 OMB-01 TRSE-00

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SPC-03 L-03 DRC-01 /070 W

----- 061094

R 222145Z MAR 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 0090

C O N F I D E N T I A L SANTO DOMINGO 1195

E.O. 11652: GDS

TAGS: EFIN, DR

SUBJECT: IMAGE BUILDING: GULF & WESTERN AMERICAS DIVESTS
ITS INEREST IN LOCAL FINANCE COMPANY

1. PURSUANT TO UNDERSTANDING REACHED WITH EMBASSY LAST OCTOBER REGARDING MEASURES TO IMPROVE ITS IMAGE, GULF & WESTERN AMERICAS (GWA) ANNOUNCED THIS MORNING THAT IT WAS DIVESTING ITS FIFTY PERCENT INTEREST (VALUED AT \$1,250,000) IN CORPORACION FINANCIERA ASOCIADA (COFINASA). AS DEPT WILL RECALL, COFINASA'S LENDING ACTIVITIES HAD SERIOUSLY ALARMED DOMINICAN CAPITALISTS TO THE POINT OF THEIR UNITING AGAINST GWA.

2. UNDER THE PLAN, GWA WILL SELL \$500,000 OF ITS STOCK IN COFINASA, TOGETHER WITH THE \$250,000 OF STOCK IT WILL PURCHASE FORM AMERICAN LIFE INSURANCE COMPANY, TO BANK OF AMERICA WHICH AT PRESENT OWNS TWENTY PERCENT OF COFINASA. GWA WILL DONATE THE REMAINDER OF ITS STOCK (VALUED AT \$750,000) TO THE UNIVERSIDAD DEL ESTE AT SAN PEDRO DE MACORIS IN A TRUST FUND TO BE ADMINISTERED BY THE BANCO DE RESERVA WHICH ALSO CURRENTLY OWNS TWENTY PERCENT OF COFINASA. IN THIS MANNER, CONFINASA WILL IN THE FUTURE BE CONTROLLED EQUALLY BY BANK OF AMERICA AND BANCO DE RESERVA.

3. NINETY-FIVE PERCENT OF THE PROFIT ACCRUING FROM THE GIFT OF STOCK WILL BE DEDICATED TO THE PROMOTION OF DOMINICAN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTO 01195 222216Z

SPORTS IN THE FOLLOWING MANNER:

(A) 65 PERCENT FOR THE MAINTENANCE OF AND PROMOTION OF SPORTS IN THE EXCELLENT INSTALLATIONS BUILT FOR THE 12TH CENTRAL AMERICAN AND CARIBBEAN GAMES;

(B) 15 PERCENT FOR THE PROMOTION OF SPORTS PROGRAMS AT THE UNIVERSIDAD DEL ESTE;

(C) 15 PERCENT FOR PROMOTION OF SPORTS AT THE UNIVERSIDAD NACIONAL PEDRO HENRIQUEZ URENA (UNPHU).

THE REMAINING 5 PERCENT WILL BE RETAINED BY BANCO DE RESERVA AS ITS FIDUCIARY FEE. IN ADDITION, GWA WILL DONATE ALL OF ITS FY74 PROFITS DERIVED FROM COFINASA FOR SPORTS PURPOSES AT THE ABOVE THREE INSTITUTIONS.

4. COMMENT: THIS SALUTARY STEP BY GWA RECEIVED PROMINENT FRONT PAGE TREATMENT THIS MORNING IN BOTH OF THE LOCAL PRESTIGIOUS NEWSPAPERS. BY WITHDRAWING FROM COFINASA JUST AS IT WAS BECOMING PROFITABLE (AFTER TWO YEARS OF LOSSES) AND THROUGH ITS SUBSTANTIAL GIFT FOR SPORTS PURPOSES (PRESIDENT BALAGUER'S PERSONAL SUGGESTION) GWA HAS TAKEN AN IMPORTANT STEP IN RE-SHAPING ITS IMAGE. WITH PUBLIC EUPHORIA OVER THE SUCCESS OF THE TWELFTH GAMES STILL EVIDENT, GWA'S ACTION WILL RECEIVE AN ADDED BOOST. THE PROVISION TO ASSIST THE TWO UNIVERSITIES WILL ALSO BE WELL RECEIVED. PERHAPS EVEN MORE IMPORTANT, THE ACTION WILL ALSO EFFECTIVELY DIS-SIPATE THE TENSION THAT HAD ARISEN AMONG LOCAL CAPITALISTS.

5. G&W NEW YORK AS WELL AS GWA REMAIN VERY RECEPTIVE TO EMBASSY SUGGESTIONS FOR FURTHER STEPS THAT THEY MAY TAKE TO IMPROVE THEIR IMAGE, A TOPIC ON WHICH WE HAVE A NUMBER OF IDEAS. THEIR MONEY TOGETHER WITH THE COUNTRY TEAM'S EXPERIENCE AND IMAGINATION SHOULD PROVE A HAPPY COMBINATION.
HURWITCH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, FOREIGN INVESTMENTS, BANKS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTO01195
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740062-0793
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740322/aaaaaulz.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 SEP 2002 by boyleja>; APPROVED <03 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMAGE BUILDING: GULF & WESTERN AMERICAS DIVESTS ITS INEREST IN LOCAL FINANCE COMPANY
TAGS: EFIN, DR, GULF & WESTERN AMERICAS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005